

## GENERAL UPDATE

- Financial gas markets trended lower, with the August 2018 NYMEX Henry Hub forward contract falling \$0.09, roughly 3%, to close the week at \$2.82/MMBtu.
- Power prices were mixed with modest increases in the Northeast and PJM, minor declines in COMED and more significant weaknesses in ERCOT prices.

## POWER

- Power curves continued to fall in ERCOT. The 12-month ATC strip in the Houston load zone fell \$3, or 7.5%, to \$36.38/MWh. The 24-month curve dropped \$1.45, or 3.7%, to \$37.14/MWh. The calendar 2019 strip was unchanged at \$37.80/MWh.
- PJM curves were mixed, with COMED strips slightly lower and Eastern Zone prices marginally higher. The 12-month ATC strip in COMED fell \$0.10 to close at \$29.55/MWh and the 24-month dropped \$0.05 to close at \$28.79/MWh. Both percentage declines were less than 0.5%. The calendar 2019 strip was unchanged at \$28.45/MWh. In the PEPCO DC zone, the 12-month, 24-month and calendar 2019 curves each rose \$0.25/MWh, or about 0.5%, to close at \$38.75, \$37.66 and \$37.24/MWh respectively.
- Northeast curves traded modestly lower. In the NEMASS load zone, the 12-month, 24-month and calendar 2019 curves each rose less than 0.5% for the week, closing at \$44.54, \$44.11 and \$43.25/MWh respectively. In NYISO's Zone J, the 12-month term rose \$0.10 (<0.5%) to \$41.62/MWh; the 24-month strip was unchanged at \$41.45/MWh, and the calendar 2019 curve added \$0.15 (<0.5%) to \$40.95/MWh.

Near-month natural gas futures prices (Nymex)



Source: Natural Gas Intelligence

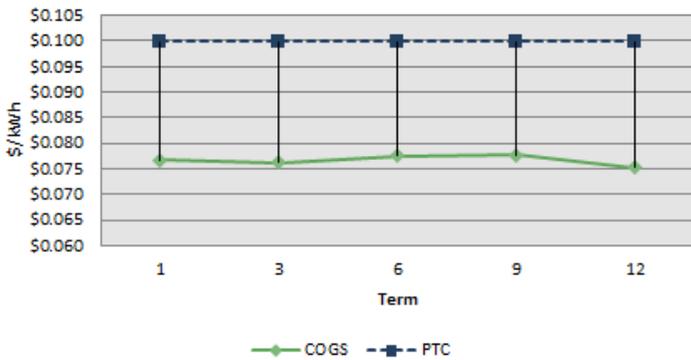
## UTILITY HIGHLIGHT

PJM

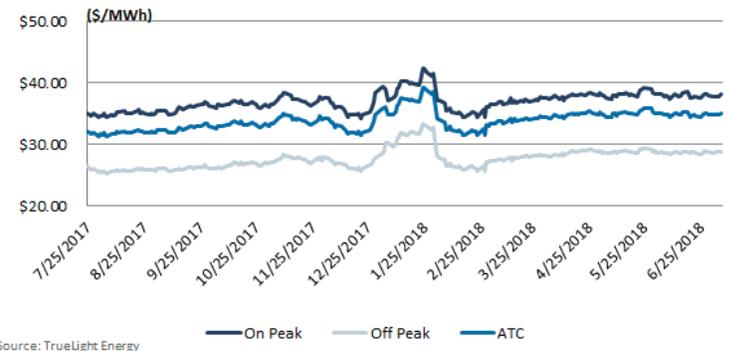
MD

POTED

POTED - GSCS



POTED - 12 MONTH STRIP PRICING

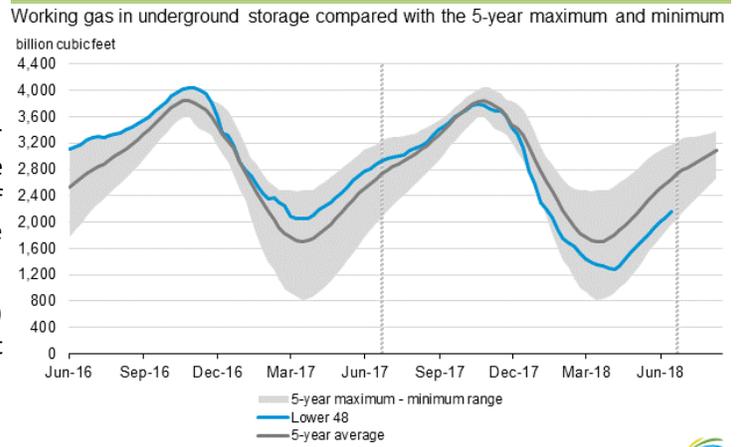


- The current Price to Compare (PTC) for Maryland's Potomac Edison (POTED), General Service Small Commercial Type I 0-700 kWh and >700 kWh calculated blend rate class (GSCS) is \$0.09808/kWh, which was effective starting July 1, 2018. This PTC is a 2.5% decrease from the previous month's PTC of \$0.10064/kWh, which started June 1, 2018, and is projected to increase 1.9% to \$0.09997/kWh starting on the 1st of August, 2018.

- Over the last week, the POTED ATC 12-month strip experienced a slight decrease of 0.28%, finishing at \$34.97/MWh.
- Since the beginning of the year, the ATC strip has reached a high of \$39.29/MWh on Jan 24, 2018 and a low of \$31.50/MWh on Feb 16, 2018. Over the past 2 months the curve has remained relatively flat, trading between \$34.36/MWh and \$35.89/MWh.

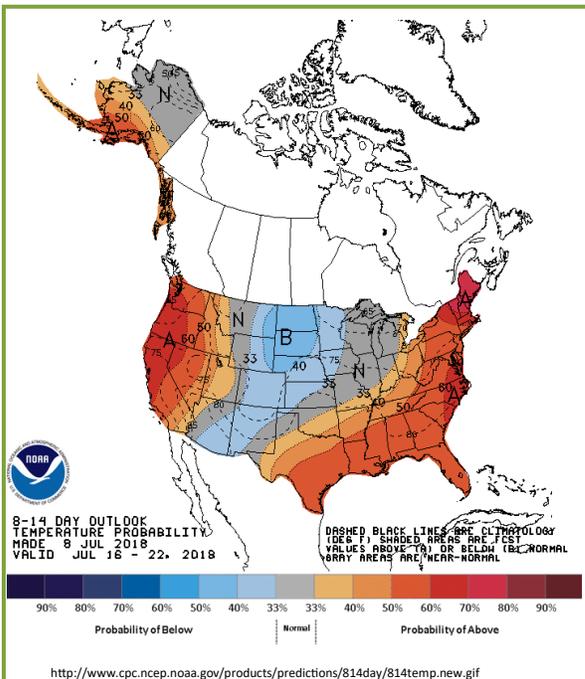
# NATURAL GAS

- The EIA reported that net injections into storage were +78 Bcf for the week ending June 22, bearish compared to the 5-year average (+70), last year's fill (+60) and last week's report in which 66 Bcf was injected. The report also surpassed market expectations; the consensus estimate was +75 Bcf.
- Working gas stocks now sit at 2,152 Bcf, which is 493 Bcf (19%) lower than the 5-year average and 717 Bcf (25%) less than last year at this time.



# MARKET INTELLIGENCE

- The Illinois Office of Retail Market Development (ORMD) reported that retail supplier customers paid on average 1.289 cents/kWh more than COMED's Price-to-Compare (PTC) over the last year, totaling to \$10.2 million per month. The ORMD also recommended that the Public Utility Commission require all marketing material to retail electric customers include the PTC to increase price transparency.
- Last week, the Federal Energy Regulatory Commission (FERC) rejected PJM's two proposals to account for state-subsidized generation in capacity markets. In doing so, FERC outlined a Fixed Resource Requirement (FRR) option which would stop requiring utilities from participating in the capacity market if they have sufficient generation assets to serve their own demand. This change would have big consequences on the capacity market by reducing participation, casting additional price uncertainty on the forward curve.
- FERC rejected ISONE's request to keep the critical Mystic River 8 and 9 units operating under a cost-of-service agreement following Exelon's announcement this spring that they intend to retire the two units. While FERC rejected the request, it provided ISONE with the option to rewrite its tariff in order to allow cost-of-service agreements for fuel security. ISONE is expected to follow-up and submit the necessary tariff revision which would likely result in Mystic remaining operational under a cost-of-service agreement.
- Amid last week's heat wave, three ISOs hit new July demand record peaks over the span of two days. ERCOT and NYISO both hit new records on July 2 of 69,647 MW and 32,810 MW, respectively, while PJM hit its new July peak on July 3 at 144,557 MW. All markets carried sufficient reserves at the time which kept reliability concerns on the back-burner, though ERCOT is expected to see tighter system conditions unfold later in this summer.



## WEATHER

- Action in the tropics picked up this week with two tropical systems developing. Beryl has already begun to weaken near the island of Hispaniola. The second system, Chris, is moving well offshore of the Carolina coast and presents very little threat to the East Coast.
- A strong upper low system moves out of the Great Lakes into the Northeast this week. Most of the widespread and oppressive heat will dissipate and the country will largely enjoy typical July conditions with normal heat, moderate humidity and some scattered showers.
- In the 8-14 day window, we will see a small, relatively cool pocket in the Midwest, with two upper high systems on the East and West coasts. The Western ridge is stronger, but the Eastern one is also well formed. Both the East and West will see above normal temperatures, with occasional showers likely in the East.

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